



A WORKPLACE THAT WORKS

Impacts of shifts in the digital, physical, and cultural landscape





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Foreword



Rajesh Varrier

SVP, Head of Digital Experience & Microsoft Business, Infosys

COVID-19 brought to light a lack of preparedness in organizations' ability to have their workforces operate remotely. Organizations that depended on manual systems and processes were the most vulnerable to disruption. These companies already knew that they needed to digitize when the pandemic severely tested their infrastructure. During the past year, workplace transformation accelerated, and remote work, powered by cloud solutions, became the norm for most office jobs. Even as employees prepare to go back to the office, our fundamental understanding of what "going back to the office" means is not clear.

A majority of companies are now headed toward a hybrid workforce — a mix of remote and onsite workers and employees who shift back and forth. This transition has changed what companies want from workplace transformation initiatives and when they want it. In the immediate term, companies are still grappling with security, connectivity, and collaboration; at the same time, they are planning for long-term shifts in their work culture and physical spaces.

Infosys surveyed more than 1,000 business leaders across five regions and 15 industries to understand these evolving priorities. This report, "A Workplace that Works: Impacts of Shifts in the Digital, Physical, and Cultural Landscape," highlights the large-scale efforts needed to reimagine the workplace — one of this decade's greatest challenges. We explore how organizations are changing their ways of working, places of work, and workforce to create workplaces that are relevant and ready to take on the post-pandemic era's challenges.

Workplace transformation accelerates and expands

The full potential of digital transformation has been unrealized for more than a decade. Almost overnight, the COVID-19 pandemic closed offices, isolated teams, and forced businesses to go digital. It was a radical shift in ways of working and required a significant physical and cultural adjustment. Organizations embraced technology to deal with this pandemic-led upheaval and ease the transition.

To better understand how companies are changing their workplace strategies, we conducted an independent, global survey of more than 1,000 respondents from organizations with annual revenues of over \$1 billion (see Figure 1). We asked about the new ways of working and firms' transformation strategies during the pandemic. We wanted to know what factors influenced these decisions and how these strategies benefited them. Finally, we assessed how firms saw the future of the workplace shaping up.

This survey builds on Infosys' recent work on global workplace transformation. In late 2019,

we surveyed more than 1,300 respondents from large companies (with over \$1B in annual revenue) in four regions about their understanding, priorities, and challenges around workplace transformation. The report, "Drive Change from Within," found that the shift toward workplace transformation had begun in earnest, with more than 80% of organizations having already started their journey. Further, the report found that transformation initiatives are driven from the top.¹ The research also showed that companies were changing the employee experience to make it more like the consumer experience — giving employees access to the same level of comfort, convenience, and connectivity that they are accustomed to in their daily lives. To drive all these shifts, businesses invested in digital tools and technologies that fostered collaborative workplaces, boosted productivity, and improved experiences.

This current report, "A Workplace that Works: Impacts of Shifts in the Digital, Physical, and Cultural Landscape," continues this line of



The pandemic, an unprecedented once-in-a-century event, proved to us that resilience is the only true winner. Whether the result of supply chain disruptions, exposed vulnerabilities of global health systems, shortfalls in fundamental medical research, lack of speed in crisis responsiveness, or displacement of people with divergent recovery paths across different parts of economies, the pandemic obligated us to re-imagine a new paradigm of working in the 21st century. We believe this transition to a new era is going to drive long lasting changes that might be overdue. We now stand at the edge of a major transformation in the workplace, work, and life. And how it unfolds will ultimately rely on how each enterprise and society decides to move ahead with resilience.

Lax Gopisetty

VP and Global Practice Head, Microsoft Business Applications & Digital Workplace Services, Infosys



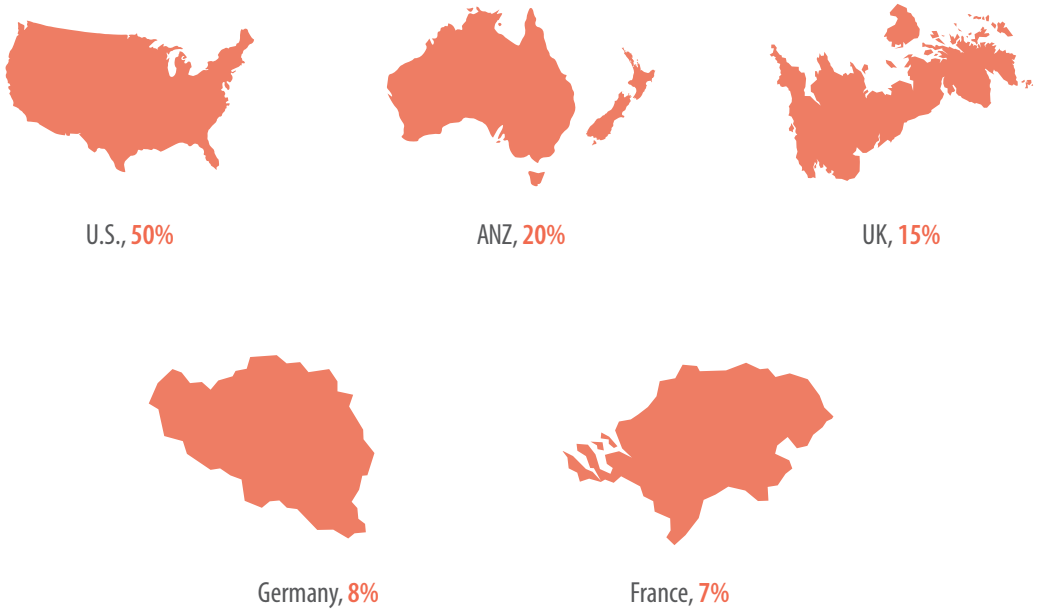
research. It takes a closer look at the digital, physical, and cultural transformation sweeping across organizations. The research shows that the speed of decision making on workplace transformation initiatives has increased, and indeed, that the pace continues to accelerate. In turn, this acceleration is attracting new

investments to improve security, connectivity, and collaboration. It further shows that although the focus remains on digital transformation, companies are increasingly looking toward other areas, such as learning, reskilling, and agile working.



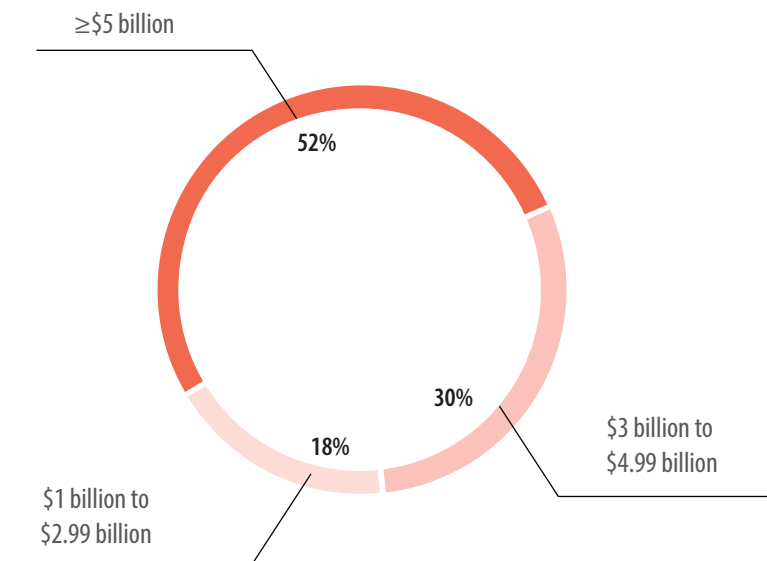
Figure 1. Survey coverage as a percentage of respondents (N = 1,000)

Region



Source: Infosys

Revenue



Source: Infosys

Level



Senior Director or Director, **30%**



SVP and VP, **35%**



C-Suite, **35%**

Source: Infosys

Industry



Automotive, **7%**



Banking, **7.1%**



CPG, **6.9%**



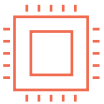
Energy, **2.5%**



Financial Services, **7%**



Health care, **10%**



Hi Tech, **6%**



Insurance, **6%**



IT / Professional Services, **5%**



Life Sciences, **10%**



Logistics, **6%**



Manufacturing, **7%**



Retail, **7%**



Telecom, **10%**



Utilities, **2.5%**

Source: Infosys

Base: 1000



Executive summary

Work will never be the same again. The pandemic has provided businesses an unprecedented opportunity to reimagine their workplaces for more engaged and productive employees. Our survey of more than 1,000 respondents found that 93% accelerated the adoption of workplace transformation strategies during the last year.



Digital transformation

Reinventing the workplace.

Fifty-five percent of companies say that digital transformation will have the largest impact on workplace transformation.

Data security, connectivity, and collaboration are the top priorities and investment areas.

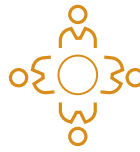
For 67% of companies, cybersecurity and data security remain the highest priority. Meanwhile, 63% of businesses intend to spend more on connectivity, and 49% plan to do the same to enable collaboration in their increasingly hybrid workplaces.



Physical transformation

The future workplace will be hybrid.

Nearly half (46%) of companies plan to implement a flexible, hybrid workforce — a mix of remote and onsite workers and employees who shift back and forth. Meanwhile, 53% say that some jobs will permanently shift to remote working.



Cultural transformation

Reskilling is essential to cultural transformation.

A large majority (83%) of the companies say learning is a critical part of their workplace strategy. For half of the respondents, training older employees on new technologies and hiring and building a digital-savvy workforce are essential components of their cultural initiatives.

Employee well-being and experience take center stage.

Sixty-eight percent of the companies see enhanced employee experience as the key benefit of workplace transformation; 52% say it offers more flexibility to employees. For 55% of companies, employee well-being policies are already built into their workplace strategies, while 37% of companies plan to take steps to improve employee well-being in the next 12 months.

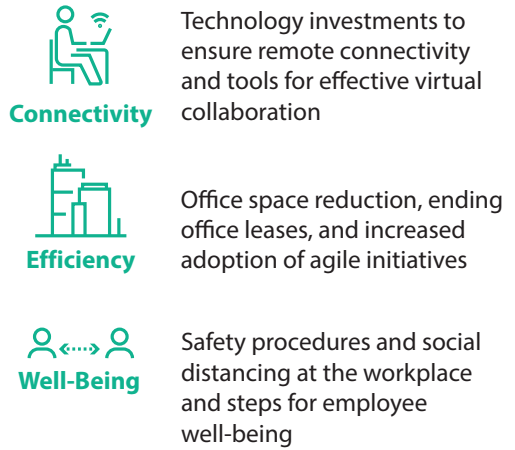
With this fast pace of transformation, companies have concluded they cannot make sufficient progress alone. Selecting the right technology partner remains critical. For 51% of respondents, choosing the right technology or solution is the most common concern about workforce transformation projects. Fifty-seven percent of firms look for external partners with proven credentials, and 55% are concerned with effective implementation capabilities.

Striking the balance between digital, physical, and cultural transformations

The pandemic dismantled old notions of how things are done and gave companies a fresh outlook on new possibilities. We found that although just 21% of organizations had high confidence in their preparedness for the pandemic, nearly all (91%) quickly realized the need to accelerate their workplace transformation.

To adapt to this new environment, companies embraced new ways of working and shifted to workplace models that supported them. Some made what formerly would have been considered a radical choice — going with 100% remote work. Others opted for a more moderate, hybrid model that features a mix of remote and onsite workers. The choice is influenced by industry viability for remote work and how they are able to address three pillars: connectivity, efficiency, and employee well-being (see Figure 2).

Figure 2. Decision drivers when choosing remote vs. hybrid workplace models



Source: Infosys



The future workplace will be hybrid as more roles permanently shift to remote work. However, the Infosys report “We Can Work It Out: Work, Workforce, and Work Culture,” based on an internal study of 150,000 employees, found that “remote teams need some ‘extras,’ a bit of propping up, to be as productive as they can be on-premise.”² Also, the report concluded that some types of work and workforces, such as technical services, are more likely to succeed in a hybrid setting.

That report found that activities such as brainstorming new products, experimenting with new concepts, or planning for new projects are much more effective when a team collaborates in the same physical space. According to the report, a hybrid model of working, where at least three on-premise sprints were conducted earlier, yielded 4-5% higher productivity than projects that were fully remote in the first few months

Digital transformation will be the most impactful type of transformation in the near future; 55% of respondents hold that opinion. However, there has been a slight shift in priorities when it comes to the impact of cultural and physical transformation as well.



The drastic change in the ways of working during the pandemic has made businesses reset their priorities. How do you ensure the well-being of a remote workforce? What can you do to inspire trust and get people to stay engaged with the organization? How do you enable them to perform securely, efficiently, and productively in remote environments? Most organizations were grappling with these questions during 2020, which is reflected in the survey findings. I believe the way forward is a strategic mix of digital, cultural, and physical elements that will pave the way for the workplace of the future.



Chidambaram Ganapathi

AVP & Delivery Head, Digital Workplace Services, Infosys



Leading with digital technology

In the past year, companies have generally taken a digital-first approach. They have adopted digital tools and technologies and changed their IT infrastructure to support a digital workplace at a rapid pace. Infosys worked with Conagra Brands to modernize their IT environment in just 13 days.³ In another instance, a mortgage provider wanted to ensure that its dispersed workforce could continue working securely from any place, any time. Infosys collaborated with them to swiftly implement a multi-tenant service for managing remote connections.⁴

Security, connectivity, and collaboration high on the agenda

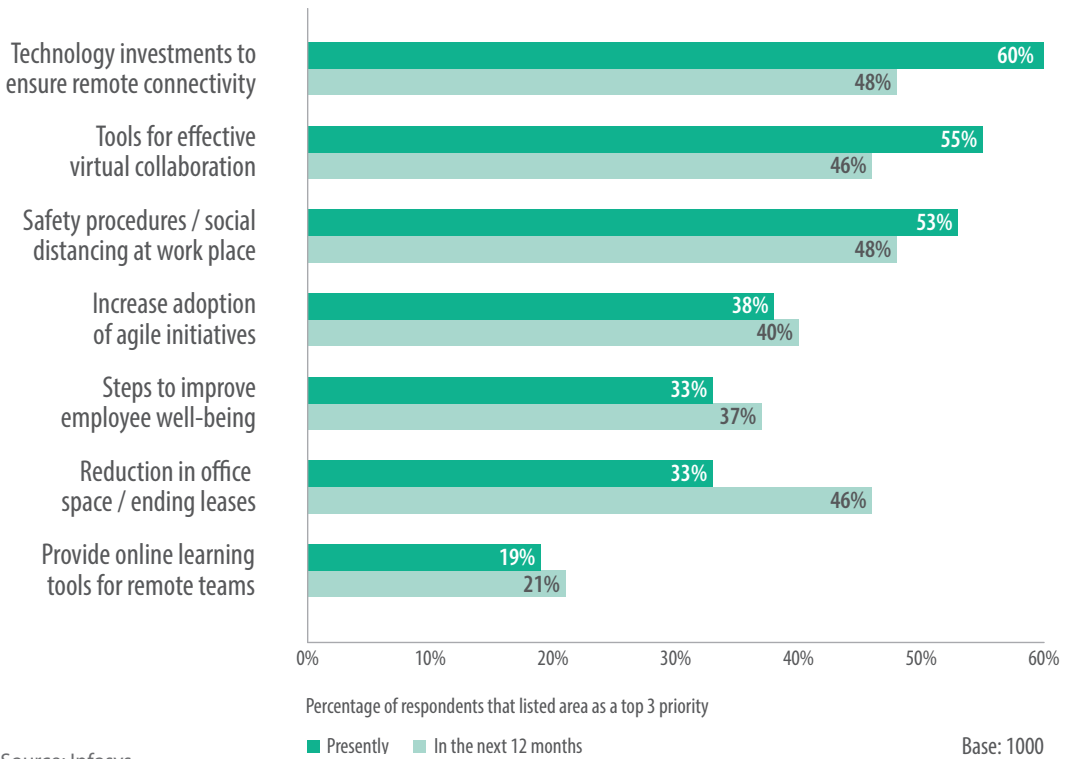
More than 80% of respondents say that the pandemic improved decision making about workplace transformation projects. Not only that,

but these companies also backed up their plans with dollars. Despite the pandemic's damage to their bottom lines, 87% of respondents said they had allocated new investments to workplace transformation.

As companies plan the next phase of their remote operations, they continue to make connectivity, collaboration, and safety the top priorities. The majority of firms surveyed are focused on technology investments that can ensure remote connectivity (60%), tools for effective virtual collaboration (55%), and safety procedures at the workplace (53%). However, in the next 12 months, they plan to shift their strategies (see Figure 3). Although technology, tools, and safety will continue to be important, companies will increasingly reduce physical office spaces and work to improve employee well-being.



Figure 3. Workplace transformation priority areas



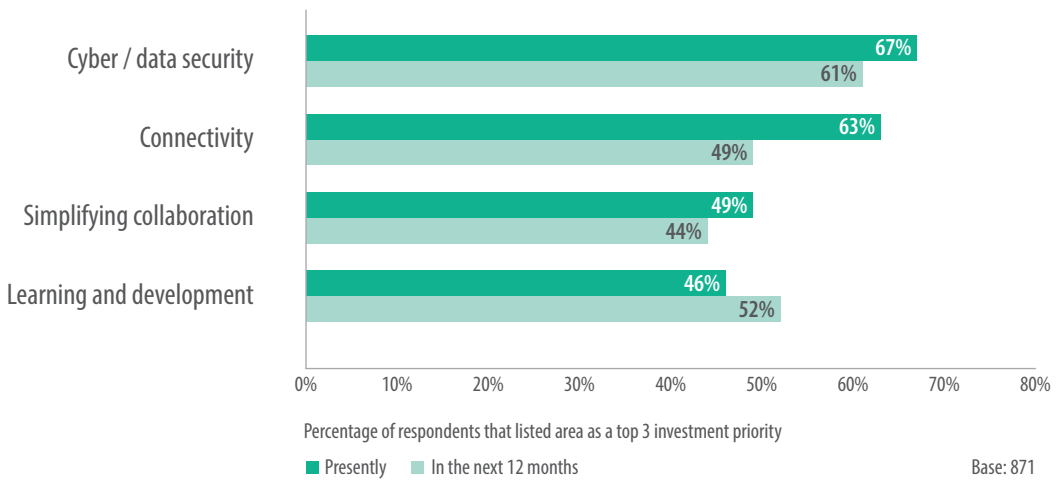
Source: Infosys



The Infosys Knowledge Institute’s “2021 Cybersecurity Trends Report” notes that companies across all sectors have experienced a spike in cyberattacks as COVID-19 reshaped the workplace.⁵ The rapid shift to remote working increased most organizations’ attack surfaces, exposing them to additional vulnerabilities. As a result, 67% of companies are currently investing in data security, 63% in connectivity, and 49% in simplifying collaboration (see Figure 4). However,

companies plan to de-prioritize investments in these areas in the next 12 months, and funds will instead be directed toward learning and development (L&D) and process automation. Our data analysis found that more companies (a 6 percentage point increase) plan significant new investments in L&D.

Figure 4. Areas of significant investments



Source: Infosys



Workplaces are becoming more vibrant than ever. As enterprises are enabling users to go borderless, securing the workplace has become the utmost priority. Threat posture has grown beyond the organization’s perimeter, leading to increased security vulnerabilities and risks to business. Enterprises are seriously embracing zero trust workplace security to protect and mitigate security risks associated with user identities, data, devices, and connectivity. A secured digital workplace with comprehensive defense in-depth architectural principles is the way to be risk resilient.

Shambhulingayya Aralelemath

AVP, CyberSecurity, Infosys

We found there is likely to be a shift in connectivity investments in the upcoming year, but those changes vary greatly among industries. A large majority of IT-professional services (80%), retail (77%), and automotive (71%) companies are prioritizing remote connectivity technology right now. That emphasis, however, declines significantly in their 12-month plans, with less than half of firms prioritizing remote connectivity technology in that timeframe. Utilities and high-tech are

the only industries where the focus on remote connectivity is actually set to increase over the course of the year.

Seventy-two percent of companies in the telecommunications industry listed virtual collaboration tools as a top-three priority. This is significantly higher than the average of 55% of respondents. This too drops significantly over the next 12 months.



High technology embraces the digital fabric from sourcing of material and manufacturing to logistics and fulfillment. High tech enterprises need to establish a digital workplace to empower knowledge workers with a suite of ICT technologies. Shifts in high technology demand new and agile ways of working to remain competitive.

Komal Jain

VP and Head, High Technology, Infosys



Spotlight on process automation

Companies need to find new ways to keep their employees engaged and motivated, while driving productivity and efficiency. As a result, process automation is gaining traction. While 44% companies are currently investing in process automation, this number is expected to go up by 5 percentage points in the next 12 months.

At the same time, firms must reduce their workforces, increase automation, make more roles permanently remote, use more gig workers, and consider co-working options. For almost one-third of the survey respondents, employee adoption of workplace transformation initiatives was the main concern. The key question for organizations is, how can the workplace and culture keep up with the pace of technological change?





The office building as we know it is changing

As more roles become permanently remote, companies will reduce office space, end leases, and upgrade the existing office space that they plan to keep. Forty-four percent of respondents say that reducing office space or ending leases will be one of the top-three workplace transformation priorities for the next 12 months. The pandemic has also triggered the physical transformation of the workplace in relation to location, safety, and layout. The focus has shifted away from prime locations and flashy, well-decorated offices. More than half of firms (53%) say safety procedures coupled with social distancing is currently a top-three priority for workplace transformation. And nearly half (48%) consider it atop-three priority for the next year. Meanwhile, 50% of companies also plan on increasing the use of hubs or co-working, and 37% plan to shift to more gig-based working.

However, this reduction in office space may come at the cost of productivity. In cases where the remote work environment is not conducive to focused work — failing internet, power outages, poor connectivity, and lack of dedicated workspace — performance may suffer. Companies may be required to take additional steps to address such issues.

The implications of office shutdowns are wider than just infrastructure. Not having an office outside the home could reduce employee well-being and lead to burnout. In a survey of Harvard Business Review readers, 89% of respondents reported a decline in workplace well-being.⁶ The report pointed to increasing work demands and the lack of work-life separation as key factors. The survey also found that people are losing connections with co-workers.

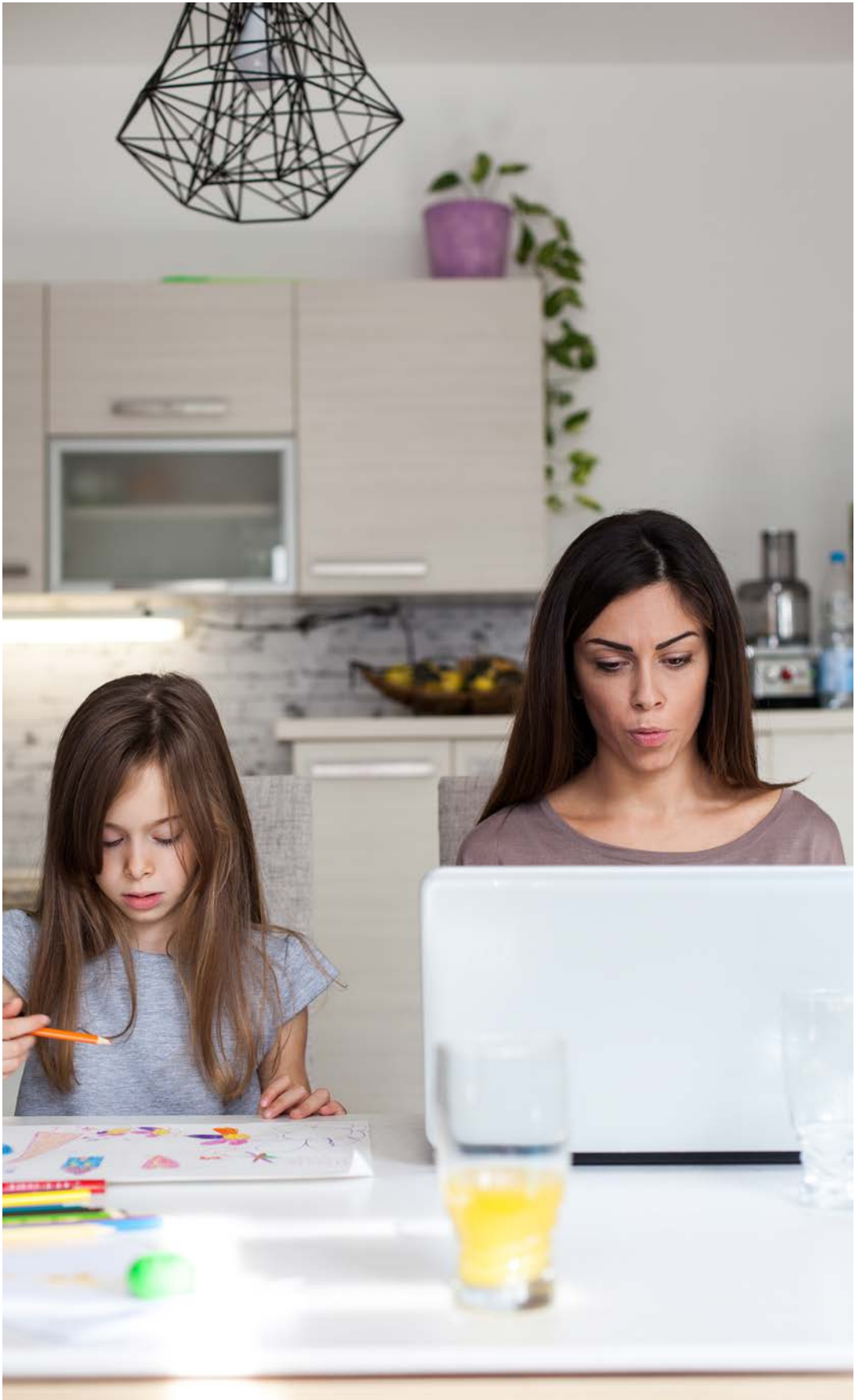


Spaces, be it offices, factories, venues, hospitals, power plants, field trucks, or any other physical location, are undergoing a seismic shift. Post a protracted pandemic living style, customers and employees struggle to return to physical spaces as health and safety, convenience and ease of use, contactless experience, air quality, and infection control become major universal concerns. Further, offices have an additional need for collaboration services and building innovation. Digitizing physical spaces is moving at 3X speed, and we are creating novel solutions that integrate IoT, 5G, bluetooth low energy, radio-frequency identification, vision analytics, biometrics, AR, and VR. Enterprises are now experimenting faster to create the right workplaces, bringing the future of work forward to stay relevant across four generations, from Baby Boomer to Gen Z.

Raja Rajeshwari Chandrasekharan

AVP, Strategic Design Consulting, Engineering Services, Infosys





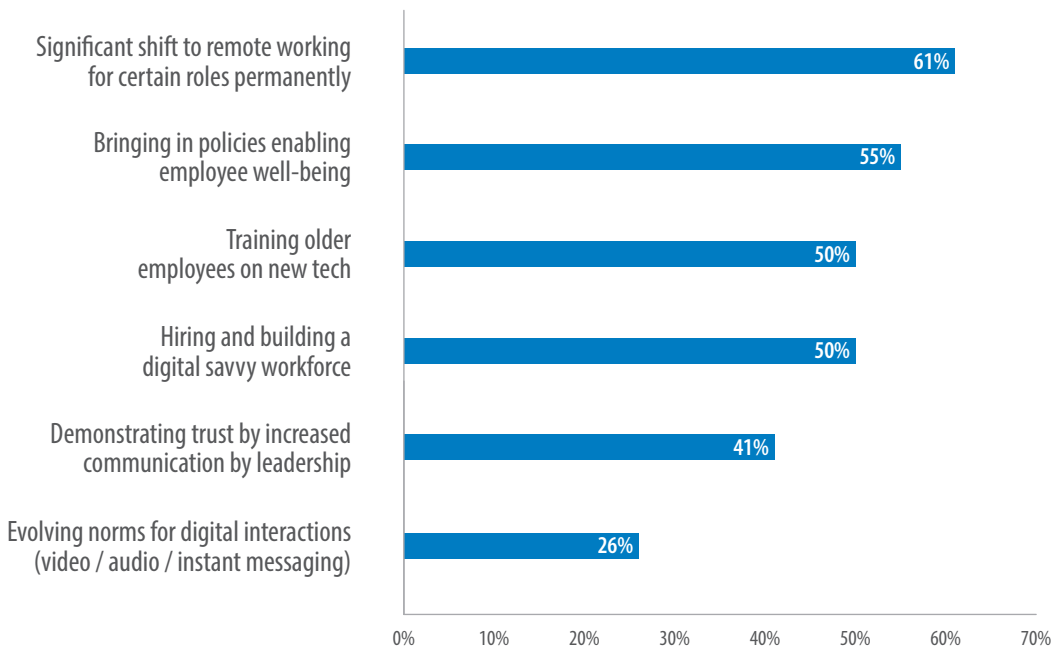
Cultural shifts lean heavily on skills and employee well-being

While workplace transformation as a whole must be employee-centric, the cultural elements play a greater role than its digital and physical counterparts in enabling this shift. Companies are aware of the impact that the pandemic has on their workforces and say they are taking steps to create an environment that makes things easier for them. When it comes to cultural transformation, the key strategies of most companies were shifting to permanent remote working for certain roles (61%), employee well-being (55%), and skilling (50%). Forty percent of respondents indicate that building trust was also a strategic priority for cultural transformation. About one-quarter (26%) say that evolving norms for increasingly digital interactions was a component of their workplace transformation strategy (see Figure 5).

Learning and development

Learning is an important factor in companies' responses to the pandemic. Eighty-three percent of respondents said that learning has been a critical part of their workplace strategy during the pandemic, and 45% will make new investments in L&D in the next 12 months. This is consistent with the findings of our report, "Future of Work: Insights for 2021 and Beyond," created with the Milken Institute.⁷ This report found that there is an increased focus on skills training. And more than half of the respondents cited training in some form as a benefit of remote work.

Figure 5: Elements of cultural transformation included in workplace transformation strategy



Percentage of respondents indicating an element is part of their workplace transformation strategy

Base: 996

Source: Infosys





Increased adoption of new digital technologies and automation would require significant reskilling, and that is reflected in many firms' workplace transformation strategies. Desirable digital learning experiences are the ones that are intimate, interactive, immediate, intelligent, and insightful. Building such capabilities — ones that are truly accessible and seamless for the hybrid workforce — is the need of the day for all organizations.

Thirumala Arohi

SVP and Head, Education, Training and Assessment, Infosys



As energy transition gains momentum, enterprises across sectors have an unprecedented opportunity to reskill their employees and equip them with the knowledge needed to work with the digital assets available to them. From monitoring physical assets, employees will soon transition to observing digital twins and intervene through apps that pinpoint issues, guide actions, and capture responses to learn.

To prepare for such a magnitude of change, reskilling for large sets of employees can easily be digitalized on a platform like Infosys Wingspan — this will allow enterprises (e.g., energy companies) to develop content in multiple formats, personalize training, monitor and support learning, and even evaluate trainees with ease. As the work and workplace of the future emerge, our clients will realize the need for a new genre of employees, such as green energy experts, sustainability specialists, ESG champions, and energy management experts, all of whom will need to interact with the rest of the enterprise, thus making continuous training and change management a pressing imperative.

Ashiss Kumar Dash

SVP and Global Head — Services, Utilities, Resources and Energy, Infosys

The most recent Infosys survey has found significant industry differences in attitudes about training. More utilities (64%) and telecoms (61%) are making new investments in L&D now. However, 68% of automotive and 67% of energy firms plan to spend more on these efforts in the next 12 months.

Fifty-eight percent of companies have increased access to online training materials as part of their learning initiatives, while 60% incentivized digital L&D programs. Most trends suggest that companies will continue to focus on L&D in coming years.

Employees at the center of workplace transformation

The evolving workplace — whether in-office, remote, or hybrid — is already creating significant changes in relationships between employers and employees. Employees are adapting to the increased use of technology, trying to find the right work-life balance, and learning to develop trust and camaraderie in a remote setting.

Companies are focusing more on employee well-being. Introducing these policies is one of the top-three cultural transformation elements, included in 55% of firms' workplace transformation strategies. This is a significant shift from the findings of last year's "Drive Change from Within" report, which found that companies mainly saw workplace transformation as a way to enhance collaboration and customer experience.⁸

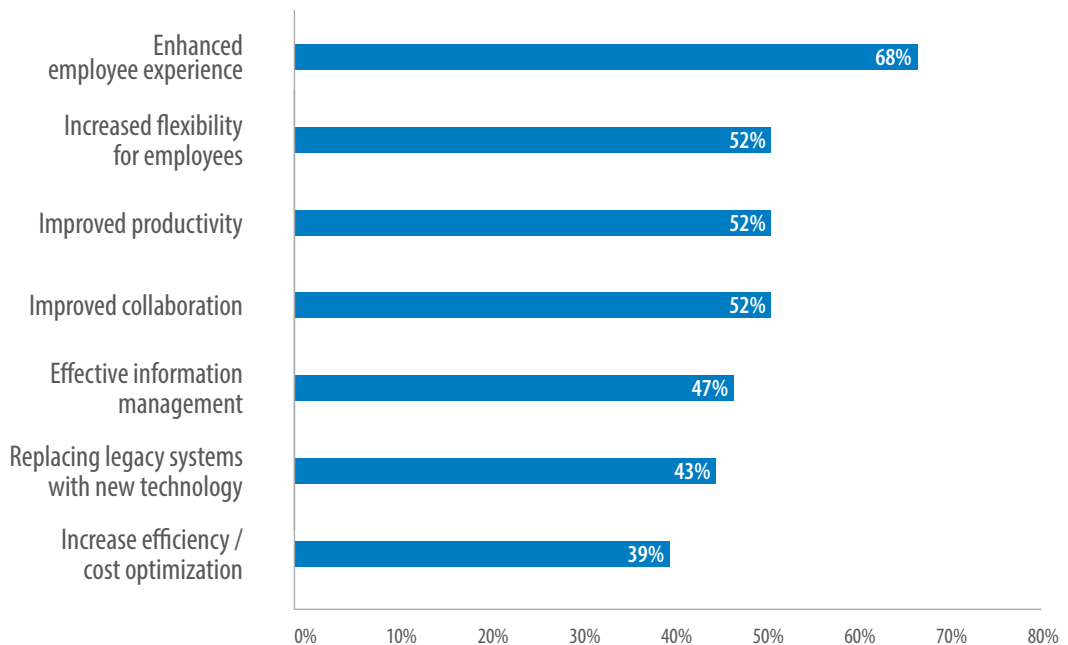
However, companies still don't see these initiatives as helpful for building competitive advantages or fostering a culture of creativity and innovation. Only one-quarter of companies listed building competitive advantages as a top-five benefit of workplace transformation

initiatives. Additionally, just under one-third of companies placed developing a culture of creativity and innovation in their top five. The most common benefit enjoyed from implementing workplace transformation was enhancing the employee experience, with 68% of companies selecting it as a top-five benefit.

Given a shift to digital platforms and focus on employee well-being, a majority of companies report enhanced employee experience (68%), increased flexibility for employees (52%), and improved productivity and collaboration (52%) as the most common benefits (see Figure 6).

How intently companies focus on individual elements, however, is often industry-specific. Insurance companies are the most likely to prioritize enhancing the employee experience (75%) and increasing flexibility (62%). The IT and professional services industries are the most likely to experience improved productivity and collaboration (64%). In the high-tech industry, most respondents (65%) say that the most common benefits of workplace transformation initiatives are enhancing employee experience and bringing in new technologies to replace legacy systems.

Figure 6: Key benefits of workplace transformation



Source: Infosys

Partnering for success

Even companies with a strong commitment to workplace transformation are still concerned about how to successfully implement these projects (see Figure 7). For instance, 51% of companies making new investments in technology are still apprehensive about choosing the right solutions. This is relatively unchanged from our findings from last year, where 55% of the companies were concerned about choosing the right solutions or technology.⁹

Introducing technological change in an organization is not about technology alone. Hence, 46% of companies are also concerned about the readiness of their organizations to transform, and 32% are concerned about whether their employees will adopt these initiatives.



Going with a specific technology solution continues to be a difficult decision for companies, given the sheer number of solutions in the market. Complicating the decision is the potential for a big gap between the anticipated value of a solution versus actual performance and adoption. The optimal decision requires a focus on the right solution combined with proper implementation to deliver the increased collaboration, efficiency, employee experience, and overall project ROI. Not making the optimal choice or not implementing effectively could mean millions of dollars wasted as well as lost credibility within the organization.

Steve Simon

Partner Business Development Director, Modern Work & Security, Microsoft



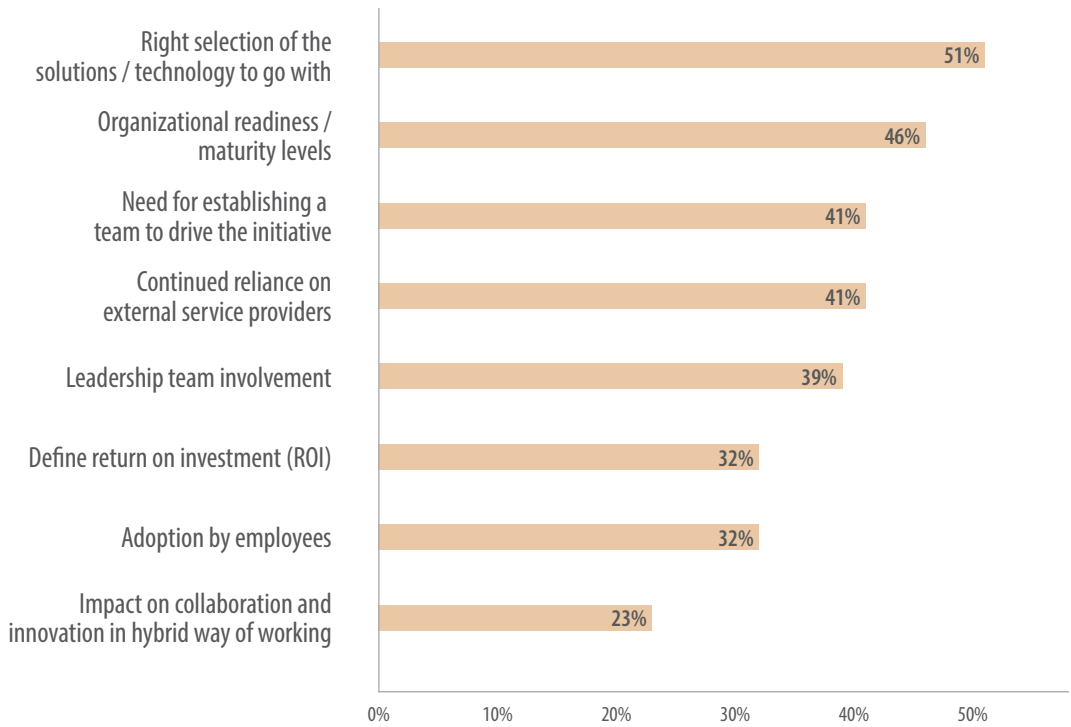
Creating partnership ecosystems for success

Digital, physical, and cultural workplace transformation projects are interconnected and often simultaneous. Partnerships with external firms can create a strong ecosystem to support these initiatives.

The respondents' top-three selection criteria for engaging external partners are past relationships, proven credentials, and

implementation capabilities — the same as we found two years ago in “Drive Change from Within.” However, this year, more firms (57%) say proven credentials are slightly more important than past relationships (52%). Earlier, these two criteria were roughly even (58% and 59% of respondents, respectively).

Figure 7: Workplace transformation concerns



Source: Infosys

Base: 995



A brave new world of work

The world has the opportunity for a “Great Reset,” where companies can chart new directions.¹⁰ Organizations that, for whatever reason, were hesitant to make workplace transformation leaps before the pandemic were left with no choice but to make them and continue along that path. Workplace systems and processes that were set in stone lost their rigidity. Workplace practices that were perhaps just ideas (e.g., having a fully remote workforce) became realities. And all of this happened in just one year. At no time in recent history has the phrase “necessity is the mother of invention” been truer than in 2020. And companies are still figuring out how to move forward.

Organizations now need to understand how these workplace transformation strategies align with their overall business objectives. These are the questions they should be asking: How can workplace transformation support a company’s mission and vision? And how can they be implemented to support a stronger culture? What workplace models would work best to accomplish these goals and more, and how can they adopt them to maximize ROI while keeping their stakeholder interests in mind?

Organizations started their workplace transformation journeys last year without a clear destination in mind. Now, they need to create a roadway to better understand their destination.





We truly believe that cloud-powered, smart, and intuitive solutions will form the bedrock of a workplace. But even more important would be the way organizations balance the needs of this new era with the well-being of their employees. We cannot just lift-and-shift physical experiences to a digital landscape. We'll need to identify and deliver experience that work the best for future workplaces.



Anant Adya

SVP & Business Head for Cloud, Infrastructure & Security Services, Infosys



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